



**Testimony of Jeffrey Gentes
In Support of House Bill 6752 and
In Opposition to House Bill 6751**

Good afternoon. My name is Jeff Gentes and I manage the foreclosure prevention work at the Connecticut Fair Housing Center.¹ I want to thank Senator Leone, Representative Lesser, and the rest of the Committee for giving me the chance to speak today.

We at the Center strongly support House Bill 6752, An Act Concerning the Continued Operation of the Foreclosure Mediation Program and oppose House Bill 6751, An Act Concerning the Efficient Conclusion of the Foreclosure Mediation Program.

The Foreclosure Mediation Program Is a Proven Success; We Need to Keep It.

Your work in creating the Foreclosure Mediation Program in 2008 at the beginning of the foreclosure crisis has helped save more than 14,000 homes. Given the immense problems thousands of Connecticut homeowners facing foreclosure have encountered when dealing with their mortgage companies, problems we at the Center hear about every day, we know that many of these homeowners would have lost their homes if mediation weren't available.

We expect the foreclosure crisis to last another three years, and we expect that the vast majority of homeowners facing foreclosure will continue to represent themselves in court, without a lawyer.² When the crisis is over, most homeowners facing a foreclosure lawsuit will still be on their own and still need mediation – perhaps even more so then, when many federal mortgage programs that have made resolution easier will have expired.

Those homeowners will be able to survive the process, and come to resolution, but only if foreclosure mediation is still around. Landlord and tenants in housing court and parties in family proceedings have long benefited from dedicated mediators. Given the Foreclosure Mediation Program's success and the continuing need of tens of thousands of homeowners for mediation, we thank you for raising House Bill 6752, a bill that would eliminate the Program's sunset date. Likewise, we oppose any effort to end the Program, including House Bill 6751.

¹ The Connecticut Fair Housing Center is the only statewide nonprofit providing representation and advocacy for homeowners facing foreclosure. We have reached homeowners in at least 166 towns since 2010. In 2014 alone, we provided individualized advice, representation, and/or in-person education to more than 1,800 homeowners facing foreclosure.

² As of 2014, about 74% of foreclosure mediations included "self-represented" homeowners.

House Bill 6752 Would Improve Foreclosure Mediation Program

House Bill 6752 is one of three bills under consideration by the Connecticut General Assembly that would eliminate the Program's sunset date. Your bill, though, is the only that also proposes improvements to the Program.

One improvement is updating the Program to reflect changes in federal law and changes by Fannie Mae and Freddie Mac. It used to be that, if you owned your home but only your ex- or deceased spouse had been on the loan, the mortgage company would take your payments but wouldn't talk to you if you fell behind. Negotiating a loan workout was obviously difficult.

This negotiation has become easier in the past year or two because servicers have been told that they cannot ignore non-borrower widows, widowers, adult children, and divorcees who take over ownership following death or divorce. Instead they must work to evaluate them for a loan workout when they fall behind on the mortgage, as they often do because of a drop in income or increased expenses due to pre-death illness. If they qualify for a workout, the servicer must work with the remaining homeowner to help them assume a loan.

In Connecticut, though, we still exclude these folks from mediation. House Bill 6752 would allow them to participate in mediation and make it easier for them to keep their homes after their marriages end, or after their loved ones pass away.

House Bill 6752 would also improve the Program's relatively new "premediation" process. In 2013, thanks to your work with Governor Malloy, you improved the Program by requiring homeowners to first meet with mediators before they began mediating with their bank. As a result, many homeowners have reached resolution more quickly than before, and the number of pending foreclosure cases has dropped.

Premediation could be improved to reach resolution more quickly, in more cases. Last year I met with each foreclosure mediator to learn how premediation was working on the ground, from their perspective. From those discussions, and from our own experience, we know that (1) homeowners are often overwhelmed by the extensive packages they receive at the beginning of premediation and (2) mediators seldom have the full five weeks envisioned by the General Assembly to work with homeowners on their initial financial packages. House Bill 6752 would allow mediators to extend premediation if necessary to complete financial packages, but without extending the overall mediation period. It would also reduce the amount of paperwork homeowners receive, allowing them to focus on only the most important financial documents.

We thank you again for your leadership in creating and continued attention to improving the Foreclosure Mediation Program. We ask you support House Bill 6752, a bill that would make the Program permanent while providing for useful improvements, and reject House Bill 6751.